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NATIONAL INTELLIGENCE DAILY CABLE

Wednesday November 10, 1976

CI NIDC 76-263C

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National Intelligence Daily Cable for Wednesday, November 10, 1976.

[REDACTED] The NID Cable is for the purpose of informing senior US officials.

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EGYPT: Cabinet Shuffle

[] A cabinet shuffle announced last night by Prime Minister Salim may help strengthen the management of Egypt's shaky economy. No significant portfolios outside the economic sector were affected by the reorganization. 25X1

[] A prominent economist, Abdul Munim Qaysuni, was given the newly created post of deputy prime minister for financial and economic affairs--a portfolio that will give him overall supervision of the large number of ministries dealing with economic matters. The separate ministries have previously reported directly to Salim, who is a good administrator but has no economic background and little feel for Egypt's economic needs. 25X1

[] Two proteges of Qaysuni have been named to head the ministries of economy and finance. Economy Minister Hamid Abdul Latif Sayih has an extensive background in banking and finance and has frequently served under Qaysuni in past government posts. Finance Minister Mahmud Salah ad-Din Hamid Husayn is a former student of Qaysuni's. 25X1

[] Qaysuni was originally responsible for formulating in the early 1960s the policy of economic liberalization that President Sadat finally instituted only a few years ago. Qaysuni's liberal policies brought him disfavor under the socialist regime of former president Nasir, and although he assisted Sadat in instituting the first tentative steps toward liberalization in 1971, he has since consistently refused to accept a role in government to implement measures to open the economy. 25X1

[] Qaysuni has reportedly conditioned his taking a government post now on retention of his position as chairman of two banks--a responsibility that may not leave him adequate time for oversight of the economy. 25X1

[] The new cabinet line-up also has the disadvantage of retaining the same diversity of economic ministries that has for years impeded efficient economic management. 25X1

[] On the other hand, the fact that the two key ministries now go to Qaysuni's proteges may better assure centralized and competent direction of economic affairs without Qaysuni's 25X1

[redacted]

direct oversight. Qaysuni, who has a long-standing reputation as a capable economist, may be able to attract back into government service some of the reputable Egyptian economists who had left in frustration over political restrictions or economic mismanagement. [redacted]

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NAMIBIA: Conference Problems

[redacted] Some sensitive political issues that Prime Minister Vorster has previously avoided may be brought to a head soon at the multiracial Namibian constitutional conference, which began a plenary session earlier this week in Windhoek, the territorial capital.

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[redacted] The session will consider a resolution, adopted by the conference's constitutional committee two weeks ago, calling for creation of a multiracial interim government within a few months to manage the transfer of functions from the existing territorial administration to an independent Namibian government. A target date for independence of December 31, 1978, was proposed by the constitutional committee last August.

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[redacted] Both the proposal for a target date and the call for an early interim government were intended to gloss over disagreements among the 11 delegations to the conference; the delegations represent the whites and the 10 non-white ethnic groups inhabiting the territory.

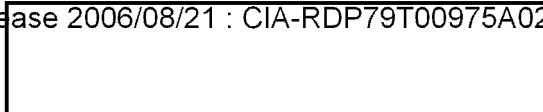
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[redacted] The white group and Pretoria apparently want Namibian independence under a loose federal system that would enable the whites to maintain control of Namibia's mineral resources even though they comprise only 12 percent of the population. Most of the non-white delegations, on the other hand, want a central government responsive to the non-white majority to have ultimate control of the territory's natural resources.

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[redacted] The non-white delegates are unlikely to accept any interim arrangements that tend to perpetuate the existing ethnic homelands without making a start toward setting up a strong central government. At a minimum, the non-white delegates are likely to demand a revision of the present rule requiring a consensus of all the ethnic delegations before a resolution can be adopted.

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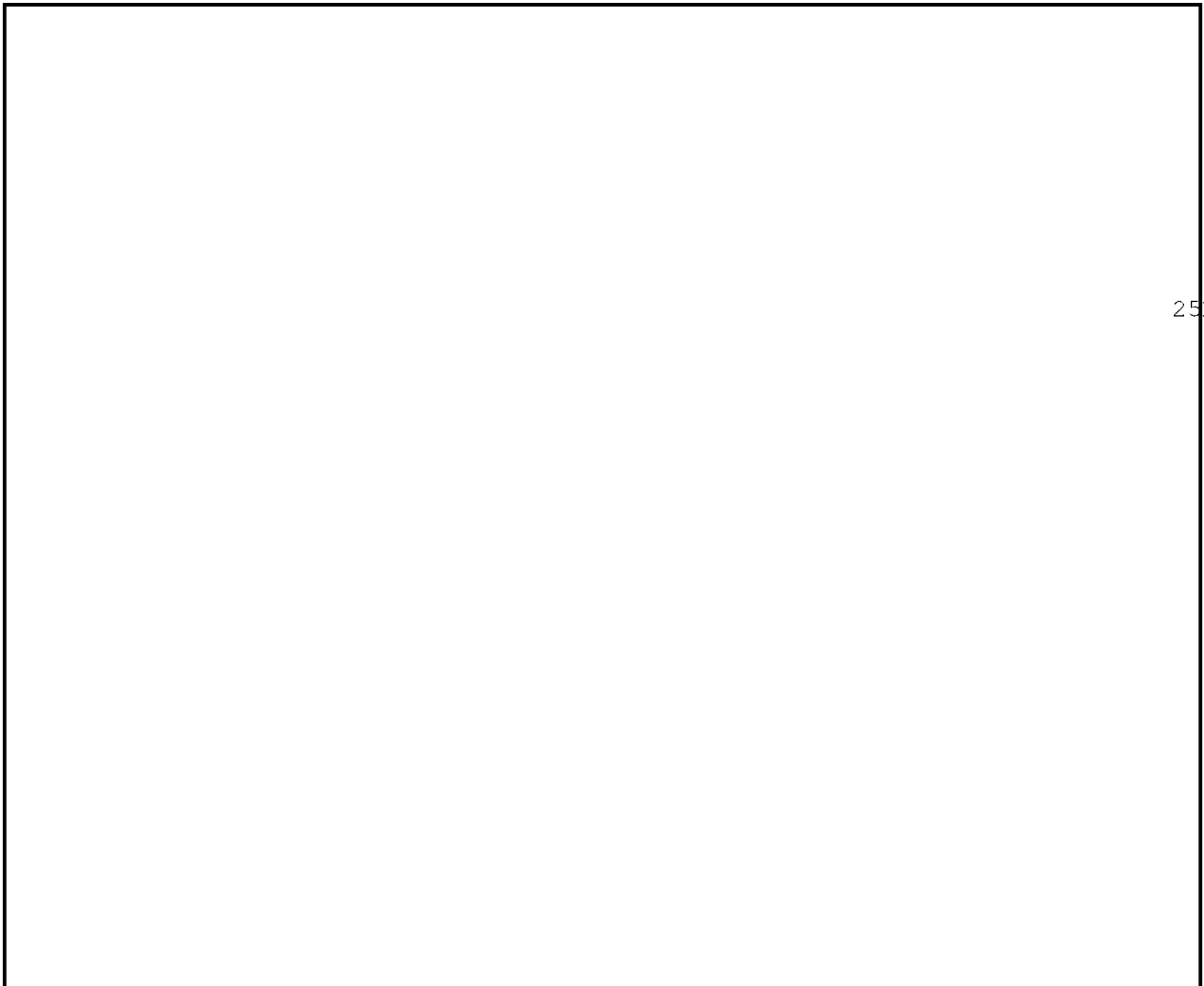
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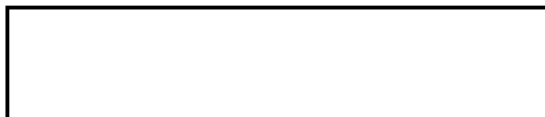
Vorster has said that his government will consider favorably any draft constitution or interim recommendation that is adopted by a plenary session of the conference. He may be so anxious to avert a collapse of the conference that he will go further toward accommodating the non-whites than he previously intended. So far, however, he has not clearly backed the lone moderate member of the white delegation, who has served as mediator between his hard-line colleagues and the non-white delegates.



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USSR: Brezhnev Wants Progress

[redacted] General Secretary Brezhnev used the occasion of Polish party chief Gierek's visit to signal last night his continuing interest in progress in Soviet-US relations.

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[redacted] In a dinner speech, Brezhnev said that Moscow considers it both essential and realistic to adopt specific and effective measures to curb the arms race. He expressed the hope that now that the elections are over in West Germany and the US, the USSR could count on more effective interaction in solving major bilateral and international problems. Brezhnev did not mention the Strategic Arms Limitations Talks, but Moscow's interest in concluding a SALT agreement was emphasized in Politburo member Kulakov's anniversary speech last Friday.

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[redacted] Like Kulakov, Brezhnev lashed out against Western critics of detente who "do their utmost to poison the international atmosphere," but Brezhnev also expressed confidence that they would not prevail. [redacted]

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IRAQ: Kurds Again

[redacted] //Kurdish guerrilla activity in northern Iraq appears to be increasing somewhat as winter sets in--a time when government troops are at a disadvantage in the rough terrain. The rebels' main area of operations has now shifted from western Iraq to the mountainous territory near the Iranian border, scene of the heaviest fighting during the full-scale Kurdish rebellion two years ago.//

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[REDACTED] //The present, limited Kurdish insurgency is not the work of the followers of Mulla Mustafa Barzani, who fled to Iran after the collapse of their rebellion in March 1975 and who are apparently still held in check by the Shah. The guerrillas now active are members of leftist Jalal Talabani's Kurdish Democratic Union, which is based in the border area of northeastern Syria.//

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[REDACTED] //The upsurge in activity by the Talabani Kurds over the past few months suggests that Damascus may have encouraged them in retaliation for Baghdad's military buildup along the Syrian border last June.//

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[REDACTED] Iraqi strongman Saddam Husayn is treating the resurgence of rebel activity as a politically sensitive matter. The Baghdad press has not acknowledged either the rash of rebel attacks against military and police forces since June or earlier Kurdish-instigated sabotage operations in Iraqi oil fields.

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[REDACTED] Baghdad probably recognizes that its recent policy of resettling Kurds in areas remote from their tribal homelands has created recruits for the Kurdish guerrilla organizations. //Tribesmen dispersed to the south--an estimated 50,000--are reportedly neither adjusting to the warmer climate nor being accepted by their Arab neighbors. Saddam Husayn implicitly acknowledged the failure of the resettlement policy by abruptly ending it last July, but by then large segments of the Kurdish population had been antagonized.//

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[REDACTED] //The government appears confident that it can contain Kurdish guerrilla operations, although it is concerned that it may have to commit more troops to Kurdistan than it

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[REDACTED]

had anticipated. Fragmentary reporting suggests that guerrillas operating in Kurdistan probably number no more than 1,000, and most of these spend only limited periods of time in the field before they retreat to safehavens in Syria or Turkey.//

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